

**2019 - 20**

## **Pay Policy Statement**

### **Introduction and purpose**

Under section 112 of the Local Government Act 1972, local authorities have the power to appoint officers on such reasonable terms and conditions as the authority thinks fit. This Pay Policy Statement (the 'statement') sets out Cumbria County Council's pay policy in accordance with the requirements of the Localism Act 2011 and will be considered for approval by full Council in February 2019.

The purpose of the statement is to provide transparency with regard to the Council's approach to setting the pay of its employees (excluding teaching staff working in local authority schools) by identifying;

- the methods by which salaries of all employees are determined;
- the detail and level of remuneration of its most senior employees i.e. 'chief officers', as defined by the relevant legislation;
- the Committee or Panel responsible for ensuring the provisions set out in this statement are applied consistently throughout the Council.

Once approved by the full Council, this policy statement will come into immediate effect and will be subject to review on a minimum of an annual basis, the policy for the next financial year being approved by 31st March each year.

### **Pay structure and decisions on pay**

The Council participates in the national pay bargaining arrangements using the national pay frameworks as the basis for its local pay structure, and the national pay review process to determine its annual increases.

All other pay related allowances are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery.

The majority of Council employees are employed under national 'Green Book'/NJC for Local Government Services arrangements with some local variation of terms and conditions. The Council uses a 19 grade pay structure for these employees. The remaining numbers of employees are employed under national arrangements for other groups of local government staff.

Where national pay frameworks are either not adopted, or not specified e.g. for Chief Officers, the Council as an organisation makes the final decisions in determining the remuneration levels in accordance with the Council's constitution. Such determination takes into account the need to ensure value for money in respect of the use of public expenditure, balanced against the need to recruit and retain employees who can make the Council an effective and efficient organisation that delivers the best possible services for the people of Cumbria within its available resources.

There may be occasions when it is difficult to resource particular posts within the council that it becomes necessary to take account of the external pay levels in the labour market. In these circumstances and in order to attract and retain employees with particular experience, skills and capacity, the Council where necessary will ensure the requirement for such is objectively justified by reference to clear and transparent evidence of relevant market comparators, using data sources available from within the local government sector and outside, as appropriate. Subject to approval and in accordance with the Council's Market Supplement scheme a market supplement to the salary scale for the grade may be considered.

There may also be occasions where it is necessary to engage the services of externally provided workers on a temporary basis within key posts. Such appointments exist where there is a specific skill shortage either within the Council, or difficultly to recruit from within the local labour market. Any such appointment requires the prior approval of the Executive Director or for equivalent permanent 'chief officer' posts where delegated authority is required by the Chief Officers' Committee.

To meet specific operational requirements it may be necessary for an employee to temporarily take on additional duties to their identified role. Where these duties form either part or the whole of the duties of another job a Responsibility Allowance or Acting Up Allowance is payable respectively, reflecting the job evaluated rate for those additional duties.

Where it is intended to recognise exceptional effort or contribution a one-off lump sum payment, or Honoraria may be paid. Honoraria are paid in arrears and depending upon their value are subject to the approval of either the Executive Director for the service area, or the Executive Director – Corporate, Customer and Community Services, in accordance with the delegations from the Council's Constitution.

## Senior Management ('Chief Officer') Remuneration

For the purposes of this statement, senior management means 'chief officers' as defined within the Localism Act. The posts falling within the statutory definition are set out as below, which details their basic salary as of 31 March 2019. A review of the 'Extended Leadership Team' took place during 2018 with a new ELT structure in place from 1 May 2018. A 2-year national pay award was agreed in 2018 for Chief Executives and Chief Officers with a 2% increase effective from 1 April 2018 and a further 2% increase to be effective from 1 April 2019.

Position	Full Time Equivalent	Salary As at 31 March 2019
<b>Chief Executive Salary</b>		
Chief Executive	1	£145,670
<b>Executive Director and Corporate Management Team Salaries</b>		
Executive Director People (Deputy Chief Executive)	1	£136,680
Executive Director - Corporate, Customer & Community Services	1	£130,063
Executive Director - Economy & Infrastructure	1	£130,063
<b>Assistant Director Salaries</b>		
<b>People</b>		
Assistant Director - Education & Skills	1	£100,825
Assistant Director - Provider Services	1	£100,825
Assistant Director - Children & Young People	1	£100,825
Assistant Director - Adults	1	£100,825
Assistant Director - Integration & Partnerships	1	£95,518
<b>Corporate, Customer &amp; Community Services</b>		
Assistant Director - Strategic Commissioning	1	£100,825
Assistant Director - Customer & Community Services	1	£95,518
Assistant Director - Organisational Change	1	£95,518
<b>Economy &amp; Infrastructure</b>		
Assistant Director - Economy & Environment	1	£100,825
Assistant Director - Highways & Transport	1	£95,518
<b>Cumbria Fire and Rescue Service</b>		
Assistant Chief Fire Officer	1	£87,477

## Other terms and conditions paid to Senior Management ('Chief Officers')

For the purposes of this statement policies relating to other terms and conditions paid, including the amounts applying to each member of the senior management team, are set out below.

Designation	Value	Rationale for payment
Hospitality	N/A	The Council does not apply any award for hospitality
Accommodation	Reimbursed in accordance with the Council's Travel & Subsistence Scheme.	Business expenses for hotel accommodation are only payable where return home is likely to be after 10pm. Accommodation will be pre booked and subject to the maximum allowance in accordance with the Council's Travel & Subsistence Scheme.
Car Mileage	45p per mile for 1 <sup>st</sup> 10,000 miles, 25p thereafter	Casual car mileage user rates apply in accordance with the Council's Travel & Subsistence Scheme and Rates.
Public Transport	Reimbursed in accordance with the Council's Travel & Subsistence Scheme	Travel via public transport for business reasons are reimbursed in accordance with the Council's Travel & Subsistence Scheme and Rates. Where practical and economically viable public transport is used.
Car Park	N/A	Where chief officers choose to park on Council property they are required to pay an annual car parking levy to the Council, with the exception of the Chief Fire Officer and Assistant Chief Fire Officer where national terms and conditions provide for funded parking.
Subsistence	Breakfast £6.50	Payable where an officer is required to leave home before 7.00am
	Lunch £8.80	Only payable in exceptional circumstances e.g. if the individual is unexpectedly delayed and/or needs to purchase food at a higher cost than that normally incurred
	Tea £3.45	Payable where an unusual absence (not part of the normal working conditions) from home and base continues beyond 18.30.
	Dinner £10.90	In exceptional circumstances where an unplanned absence (not part of normal working conditions) from home and base continues, beyond 20.30
Essential Car User Allowance	N/A	Employees within the Council are designated either Local Car Users or Casual Car Users and mileage is paid in accordance with HMRC guidelines.

		<p>The exception to above applies to the posts of:</p> <ul style="list-style-type: none"> <li>• Chief Fire Officer</li> <li>• Assistant Chief Fire Officer</li> </ul> <p>where a vehicle and fuel are provided for the purpose of performing the duties of the post as specified within the National Joint Council for Brigade Managers of Local Authority Fire &amp; Rescue Services.</p>
Supplementary pay awarded to chief officers for undertaking the duties of Returning Officer/Section 151 Officer and Monitoring Officer	N/A	The Council does not provide any supplementary payments, in addition to the salary as shown above for the posts of Returning Officer, Section 151 Officer and Monitoring Officer.
An increase in or enhancement to the Leadership Team pension entitlement	N/A	N/A
Other benefits in kind	N/A	N/A
Private Health care	N/A	N/A
Market forces supplements	N/A	N/A
Performance Related pay for Chief Officers	N/A	The Council does not provide performance related pay for chief officers
Bonuses for Chief Officers	N/A	The Council does not provide bonuses for chief officers
Final payments to Chief Officers when they leave the authority*	In accordance with the Council's Redundancy and Early Release Policy	Please see the section below on 'Payments for Termination'.
*The Council is monitoring the proposed national changes to public sector exit payments and will review, update and republish policies in line with any changes as they are implemented from Central Government.		

## Lower paid staff remuneration

The Council defines low paid workers as those on the lowest pay grade used by the Council for substantive roles. There are 2 generic job family profiles which fall into this category; BS1 and OP1. These profiles are at the lowest grade (Grade 1) of the Council's pay structure.

At the time of publication of 31 March 2019, the minimum pay for employees within this group is £16,394 per annum which is a ratio of 1:8.9 in comparison with the salary of the Chief Executive.

The UK Government introduced a 'National Living Wage' for employees aged 25 and over in April 2016. As at 31 March 2019 the rate is £7.83 per hour. The Council's minimum pay for all employees (not just those aged 25 and over) is higher than this amount and further exceeds it with the additional 'UK Living Wage' supplement that is paid.

The UK Living Wage is set by the Living Wage Foundation. The current rate effective from 5 November 2018 is £9.00 per hour. This increases the minimum pay to £17,364 per annum, which is a ratio of 1:8.4 in comparison with the salary of the Chief Executive.

Below are further comparisons to illustrate the relationship of pay between the Chief Executive and other staff within the Council: -

- The median average full time equivalent salary of the whole workforce is £24,657 per annum, which in comparison with the salary of the Chief Executive is a ratio of 1:5.9 (the median average is the mid-point between the lowest and highest salary paid, across the full range of salaries for 6,779 positions. i.e. the salary of the person at position 3,390 when all salaries are sorted into descending numerical order).
- The mean average full time equivalent salary of the whole workforce is £26,297 per annum, which in comparison with the salary of the Chief Executive is a ratio of 1:5.5.

We continue to review these ratios where possible while recognising that this will be balanced by our obligations under the Equality Act of the need to maintain pay equity through an objective job evaluation scheme.

The Council employs Apprentices who are not considered within the definition of 'lowest paid employees'.

## Recruitment of Senior Management ('Chief Officers')

When recruiting to all posts the Council takes full and proper account of all provisions of relevant employment law and its own Recruitment policies and procedures.

The determination of the remuneration to be offered to any newly appointed Chief Executive, Executive Director, or Statutory Officer is determined by the Chief Officers' Committee which has delegated authority to act on behalf of Full Council not only to set the remuneration but to appoint to any such vacant posts (NB there are specific arrangements for the appointment of the Director of Public Health).

Salary levels for the Chief Executive, Executive Directors, Assistant Directors and Statutory Officers are determined using the Hay job evaluation methodology using external support from Hay Group, at the point of recruitment to the position and takes into consideration salary survey data provided by the Hay Group. These officers are appointed on a fixed salary point without pay progression, or salary increments.

Where the Council is unable to recruit Chief Officers, or there is a need for interim support to provide cover for a substantive Chief Officer post, the Council will, where necessary, consider engaging individuals under a 'contract for service'. These will be sourced through a relevant procurement process and in such circumstances the Council is not required to make either pension or national insurance contributions for such individuals. Where authority for appointment to the equivalent permanent role is delegated to the Chief Officers' Committee, that Committee will approve all proposed interim appointments.

## Pension Contributions

Cumbria Local Government Pension Scheme is open to all employees, apart from teaching staff or uniformed fire fighters who have their own pension schemes.

Employees who are members of the Local Government Pension Scheme (LGPS) pay contributions from their salary dependent on earnings and the Council makes a contribution on their behalf in accordance with the LGPS Regulations.

A number of employees have transferred to the Council under a specific staff transfer arrangement which allowed them to continue membership of the NHS pension scheme. Employees and the Council both make contributions in accordance with the regulations of the NHS scheme.

There is a separate Pension Scheme for firefighters, The Firefighters Pension Scheme. The Chief Fire Officer and Assistant Chief Fire Officer are entitled to be a member of this scheme, as opposed to the Local Government Pension Scheme. Employees and the Council both make contributions in accordance with the regulations of the Firefighters Pension scheme.

## Payments on Termination

The Council's Redundancy and Early Release Policy applies to all employees covered by the NJC for Local Government Services and to all other employees of the County Council for whom there is no other specific redundancy and early release provisions or policy and procedures laid down in national or local conditions of service. The Council may also exercise its discretion to enter into legally binding settlement agreements.

The Council does not normally re-employ employees who have received either a statutory or discretionary payment upon termination of employment. Any re-employment must be approved in accordance with the Redundancy and Early Release procedure. The Council will not normally engage such an individual under a contract for services.

The Council is monitoring the proposed national changes to public sector exit payments and recovery of exit payments upon re-engagement. The Council will review, update and republish policies in line with any changes as they are implemented from Central Government.

## Publication

Upon approval by the full Council, this statement will be published on the Council's website.

The Council is also required to include information in the Annual Statement of Accounts in relation to the remuneration of higher paid officers of the Council. The information to be published is determined by Local Authority Accounting requirements, revised every year, underpinned by statutory regulations. The information required to be included in the audited Statement of Annual Accounts 2018-19 relates to three disclosures, which are termed 'Notes' as follows:-

- Figures for the number of officers whose remuneration was £50,000 or more, grouped in £5,000 bands (Banding Note)
- The individual remuneration of senior employees, which includes salary, fees, and allowances receivable. (Senior Employees Note)
- Exit packages agreed during the year, which includes termination benefits and all redundancy costs from both compulsory and voluntary redundancy costs (Exit Packages Note).

**DATE: February 2019**